TFSA Investors: Buy 3 REITs With Your 2020 Contribution

Description

If you are looking for stocks to buy with your 2020 TFSA contribution, look no further. The three stocks featured here will give you huge dividend income, growing payouts, and the possibility of upside that you need to give your savings a tax-free turbo-boost. These three companies will provide you with an income stream in excess of 6%.

Besides the income stream, REITs are perfectly suited to put in your TFSA for a number of additional reasons. For one thing, the income received from REITs comes in the form of distributions, a form of income that is fully taxable in contrast to dividends. In a TFSA, however, your income is not taxed, so you can keep the entire payout.

These three REITs will give you some serious income and capital gains to boot.

A retail REIT

One of the best REITs you can buy, **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY) is a great long-term hold for income-focused investors. Although this stock has already had a good run this year, the yield is still pretty attractive at over 6%. Considering this company aims to raise its dividend by 5-8% annually for the next few years, this payout will continue to grow going forward.

This REIT has almost 50% of its assets in retail real estate locations, which is a major reason why the stock has lagged a bit over the past year. But the Brookfield folks have an eye for a deal, and retail real estate is definitely on sale lately. Its global presence is another reason why you would want to own this company going forward.

North American-focused REIT

With a yield of 6.34%, **H&R REIT** (TSX:HR.UN) is a strong contender for your income portfolio. The company might not be as diversified geographically as the other two companies, but it still maintains a presence that extends beyond Canada's borders. It has fully 40% of its assets by fair value outside this country. Within Canada, H&R is also quite diversified. It has 28% of the value of its companies within Ontario, but the rest extends across the nation.

The company is quite diversified across sectors as well. Currently, H&R has almost 50% of its assets in office spaces, while the rest is divided among residential, industrial, and retail properties. The biggest knock against the company is that it does not raise its payout each year. Nevertheless, the distribution is strong and the share price is fairly stable.

Everyone needs healthcare

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a very intriguing entry. With a market capitalization of $1.8 billion, it is certainly the smallest of the three stocks. But it is an interesting REIT in that it focuses solely on healthcare, as the name states.

Another intriguing point is that the company has a global focus, similar to BPY, in that it has a truly global focus. Currently, the 6.5%-yielding stock owns properties in Australia, Europe, South America, and North America. It also, however, does not raise its payout regularly, which may not appeal to many investors.

The Foolish takeaway

Putting REITs into your TFSA is a great way to maximize your returns. These income stocks will give you that 6% yield you crave, the relative stability of capital, and the potential for capital returns going forward. I prefer BPY for its dividend growth, but any of the REITs mentioned will give you a steady income stream. Get that $6,000 to work right away and start collecting the cash you need today.

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TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)
2. TSX:HR.UN (H&R Real Estate Investment Trust)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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